Vehicle Fire Insurance

Policy Terms B-9

This document is an AI translation of the official Icelandic text. In the event of any discrepancy between the translation and the original Icelandic version, the Icelandic version shall take precedence.

The insurance is governed by the insurance certificate together with its endorsements and special terms, these policy terms, the company's general terms no. AS-1, and the provisions of the Insurance Contracts Act no. 30/2004.

Provisions in the general terms take precedence over provisions in these terms where there is any conflict.

In these terms, the term "the company" refers to Vörður tryggingar hf.

Art. 1. What does the insurance cover?

1.1 The insurance covers damage to the vehicle caused by fire, lightning, or explosions caused by fire. In addition to damage to the vehicle itself, the insurance extends to damage occurring at the same time to spare parts and accessories of the vehicle that may reasonably be considered standard equipment at the time of loss, provided these items are in the vehicle at the time. Items that scorch or melt without an uncontrolled flame do not constitute fire.

The insurance does not cover:

1.2 Damage to the engine caused by cylinder explosions.

1.3 Damage to any kind of optional equipment on vehicles, e.g. trailers, mobile phones, GPS devices, two-way radios, tail lifts, goods vehicle cranes, removable roof racks, and luggage boxes, unless otherwise agreed.

Art. 2. Who is insured and co-insured?

2.1 The owner of the vehicle is insured.

2.2 Mortgagees and others with a financial interest in the vehicle are not co-insured within the meaning of the Insurance Contracts Act no. 30/2004, unless they have received written confirmation to that effect from the company. Co-insured parties never acquire greater rights against the company than the insured, cf. Art. 41(3) of the Insurance Contracts Act no. 30/2004.

Art. 3. Safety regulations

3.1 The vehicle must be securely locked when left unattended and windows and the sunroof must be closed. Vehicle keys must be stored in a secure location where unauthorised persons do not have easy access.

3.2 The insured must be in a physical condition to operate the vehicle safely and must not be under the influence of alcohol, stimulants, or sedatives.

3.3 The insured must be competent to operate the vehicle safely and must hold the required licence to do so.

3.4 The insured and the person in charge of the vehicle must ensure that it is in a legally required condition, that the vehicle is presented for mandatory inspection, and that the vehicle is maintained in accordance with the manufacturer's instructions and service manual. Particular care must be taken to ensure that safety equipment is in order.

3.5 The safety regulations in these terms must be followed. If safety regulations are not complied with, the company's liability may lapse in whole or in part, cf. Art. 26 of the Insurance Contracts Act no. 30/2004.

Art. 4. Change of risk

The company must be notified without delay if the use of the vehicle changes from what is stated on the insurance certificate or renewal receipt. Failure to comply with this notification obligation may result in the company's liability for an insured event being reduced proportionally based on what the premium would have been given the changed use, cf. Art. 25 of the Insurance Contracts Act no. 30/2004.

Art. 5. Identification

5.1 The company is entitled to invoke the conduct of a person who, with the insured's consent, is responsible for the insured vehicle.

5.2 In a business context, the company may invoke the conduct of the driver of the insured vehicle.

Art. 6. Premium calculation

6.1 The base premium for the insurance is calculated as a proportion of the value of the vehicle.

6.2 The premium changes at each renewal of the insurance in accordance with changes in the vehicle's value.

Art. 7. Premium refund

7.1 If the insurance contract lapses before the policy period ends, the company refunds the premium in proportion to the period for which the insured has paid and the insurance is not in force. This does not apply if the insurance contract has lapsed because the company has fulfilled its obligations by paying compensation for a total loss.

7.2 The company does not refund the premium even if the vehicle has not been in use and its registration plates have been in the custody of the Transport Authority or its agents.

7.3 The premium for short-term insurance is not refunded.

Art. 8. Change of ownership or deregistration of vehicle

If ownership of the insured vehicle changes, or it is deregistered, the insurance lapses when the change of ownership or deregistration has taken place. The company is nonetheless liable if an insured event occurs within 14 days of the change of ownership, provided the new owner has not themselves taken out insurance.

Art. 9. Compensation for total loss

9.1 The company pays compensation for total loss if the vehicle sustains such severe damage that the company considers it uneconomical to repair.

9.2 In the event of a total loss, the company determines whether it will:

9.2.1 Pay the insured value of the vehicle in exchange for its transfer of ownership.

9.2.2 Pay the difference between the insured value and the value of the vehicle following the insured event.

9.2.3 Provide another vehicle of the same type, comparable in age and model. If the company chooses to provide another vehicle, it is entitled to claim transfer of ownership of the damaged vehicle from the policyholder.

Art. 10. Compensation for partial loss

10.1 If the vehicle is damaged without the conditions of Art. 9 being met, the company pays the cost of repairing the vehicle to the extent possible, so that it is in the same or similar condition as before the loss.

10.2 The company has the right to pay either repair costs at a workshop approved by the company, or compensation based on estimated repair costs.

10.3 The company does not cover reduction in the market value of the vehicle, indirect loss such as loss of use, additional costs for work outside normal working hours, or additional costs for special orders of spare parts.

Art. 11. Insured value

The insured value of the vehicle is the amount that a comparable vehicle of the same type, age, and quality would cost on the open market on the date of loss, based on a cash transaction.

These terms are valid from 01.01.2019